

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

EXPERIMENTAL PRESORTED PRIORITY
MAIL RATE CATEGORIES, 2001

Docket No. MC2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS SCHERER TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides the responses of witness Scherer to questions 1 through 4 of Presiding Officer's Information Request No. 1 (filed April 18, 2001).

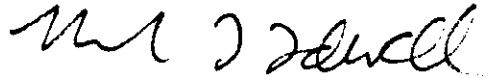
Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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April 27, 2001

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

Question Number 1. Footnote 2 of USPS-T-1 states, "An outside is a mail piece that does not fit in a Priority Mail sack, weighs over 35 pounds, or contains live animals." For each of these types of outsides please provide a narrative description of how articles will be presorted, how the presorted outsides will be handled by the Postal Service, and how this handling will save the Service money.

RESPONSE:

I am informed that presorted "outsides" not fitting in Priority Mail sacks or weighing over 35 pounds will have to be prepared on pallets or in pallet boxes. A minimum weight and/or height per pallet may apply, similar to Parcel Select. Since pallets are not accepted by air carriers, I anticipate (please see my response to OCA/USPS-T1-4) that outsides will be eligible for presorting only if the origin and destination are connected by surface transportation. Outsides can be combined on pallets with other shapes (i.e., flats or parcels) only for 5-digit separations. For ADC or 3-digit separations, outsides must be presented on separate pallets.

I am informed by Witness Levine that presorted outsides prepared on pallets (or in pallet boxes) will bypass certain postal sorting operations, depending on the level of presort. These will be the same operations bypassed by all other presorted Priority Mail. The sorting of outsides by the Postal Service is captured in the MODS operation "Manual Priority," which is included in Witness Levine's cost model. Witness Levine's cost avoidance calculations therefore include the savings that will be realized when presorted outsides bypass postal sorting operations. Consequently, the discounts proposed in my testimony account for the possibility that mailers will presort outsides.

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Response to POIR No. 1, Question No. 1, Page 2 of 2

The inclusive definition of outsides given in footnote 2 of my testimony was not meant to suggest that all kinds of outsides are equal candidates for presorting. Indeed, mailers of live animals are likely in many cases to not find it practicable to amass a minimum of 300 mail pieces or 500 pounds and make the necessary separations to qualify for the proposed Priority Mail presort discount. However, live-animal mailings are certainly not precluded from the proposed presort discount. I am informed that live animals (e.g., bees, crickets, chicks) are generally mailed in parcels (as opposed to flats) and are not transported by air. Such outside mailings will therefore qualify for the proposed presort discount by meeting the presort make-up and containerization requirements (as yet, not finalized) specified for parcels. No additional presort requirements for live animals are anticipated, though such mailings will also have to meet the general requirements for perishables in DMM Section C022.2.1 and for live animals in Section C022.3.0.

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Question No. 2. On page 3 of USPS-T-1 the minimum quantity per mailing is given as 300 pieces. Does the 300 piece minimum apply to each rate category or to the overall mailing? For example, could a mailer mail 100 pieces to the 5-Digit level, 100 pieces to the 3-Digit level and 100 pieces to the ADC level? If so, is there a minimum number of pieces per rate category?

RESPONSE:

The 300-piece (or 500-pound) minimum applies to the total mailing, not to any individual rate categories in the mailing, similar to presorting in other mail classes. So, yes, a mailer could qualify for the proposed presort discount by presenting a 300-piece mailing, of which 100 pieces are presorted to the 5-digit level, 100 pieces to the 3-digit level, and 100 pieces to the ADC level.

There will be a minimum piece (and/or pound) requirement for each of the different types of containers (e.g., sacks, tubs) in which presorted mail can be prepared. (For more on the minimum piece and/or pound requirements, please see my response to POIR No. 1, Question 3.) Since at least one container will have to be presented to achieve a rate-category separation, it can be inferred that the minimum piece requirements for containers are the de facto minimum piece requirements for rate categories.

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Question No. 3. Recognizing that witness Scherer has indicated that containerization and make-up requirements have not yet been finalized (OCA/USPS-T1-4), is there a minimum number of pieces per sack or pounds per container in order to qualify for the presort discount? What factors will be evaluated to develop final minimums?

RESPONSE:

Yes, there will be minimum piece and/or pound requirements for each type of container (e.g., sacks, tubs) in which presorted mail can be prepared. These requirements will be similar to those for presorted mail in other mail classes. They will be set taking into consideration consistency with USPS handling practices, as well as container utilization and weight capacities.

DECLARATION

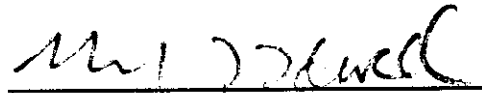
I, Thomas M. Scherer, hereby declare, under penalty of perjury, that the foregoing Postal Rate Commission Docket No. MC2001-1 interrogatory answers are true to the best of my information, knowledge and belief.

Thomas M. Scherer
Thomas M. Scherer

4-27-01
Date

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", is written over a horizontal line.

Michael T. Tidwell

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